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1. GUATEMALA

Communist guerrillas, who rejected a government amnesty offer in late July, appear to be renewing their terrorism.

During recent weeks there have been four attacks in widely separated areas. A former policeman was shot and wounded in downtown Guatemala City; Manuel Orellana Portillo, a prominent conservative and former president of the National Congress, was assassinated in Zacapa; on 19 August, retired Colonel Pedro Cardona and one of his companions were killed in Escuintla; and on 25 August, a National Liberation Movement (MLN) coordinator was killed in Zacapa. The Communist Party's action arm, the FAR, has claimed credit for the first three attacks, and presumably committed the fourth.

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In the meantime, according to a FAR communiqué, National Congress Vice President Hector Menendez la Riva (now resident in Washington) has been placed on the assassination list because of his escape from FAR capture in early June. US Embassy sources report that other congressmen have also been threatened.

Public confidence in the government's ability to protect its citizens is being eroded. A crisis may develop for the government as it did late last year when the FAR and Yon Sosa's 13 November Revolutionary Movement kidnaped four prominent Guatemalans for over \$350,000 ransom. Two prominent officials--the former president of the Supreme Court and the former secretary of information--kidnaped by the FAR on 4 May are still missing.

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2. BRAZIL

Legislatures in 12 of Brazil's 22 states--including politically important Sao Paulo, Pernambuco, and Rio Grande do Sul--will elect new governors on 3 September. Blatant government efforts to ensure election of proadministration candidates have aroused widespread, severe criticism of the regime as authoritarian and undemocratic. These government tactics have also driven the only legal opposition party to boycott the gubernatorial elections as well as the presidential election that is to be decided by Congress on 3 October. Congressional elections are scheduled for 15 November and are to be by direct popular vote.

The election period begins at a time when the Castello Branco government is under fire from almost all political and economic sectors. Coffee-growers and other businessmen are opposed to austere economic policies; some hard-line military officers want stronger action against corrupt politicians; and church leaders in the impoverished northeast have issued a manifesto highly critical of the government's failure to alleviate conditions there. Moreover, students and labor have been especially outspoken in recent weeks. This growing but amorphous opposition is not likely to affect the election of retired Marshal Costa e Silva, the government's candidate for president, but could result in a substantial cut in the present large progovernment majority in Congress.

Dissatisfaction is likely to continue or even worsen during the election period. However, no one issue unites the administration's disparate critics, and opposition has not as yet coalesced around any one group or leader. There is no evidence of significant plotting against the government, and Castello Branco appears able to count on the continuing loyalty of most of the military. Nevertheless, whatever the election results, the new president will certainly take office confronted with a deteriorating political climate. [REDACTED]

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